

# SPECIAL REPORT

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## Federal Tax Burdens and Expenditures by State

*Which States Gain Most from Federal Fiscal Operations?*

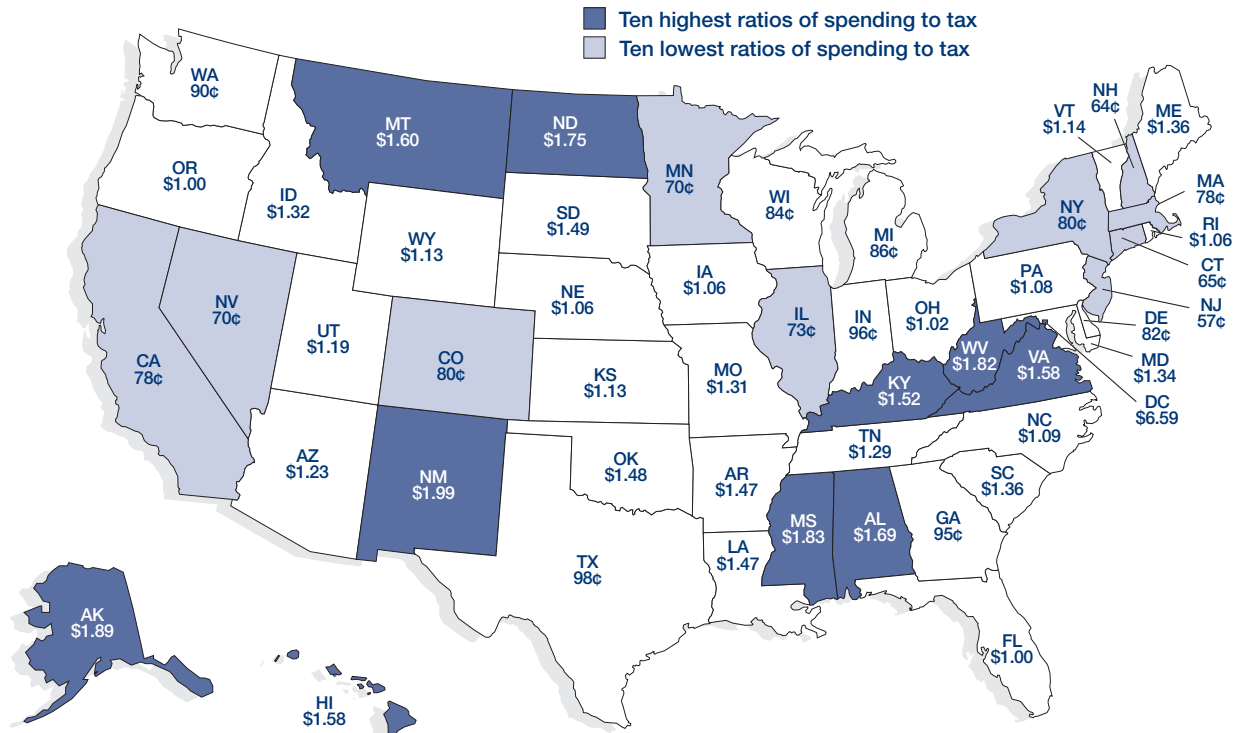
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### Overview

This annual study clarifies the geographical patterns of income redistribution that federal tax and spending policies cause each year. The results of the study have been controversial for years because they show that the nation is not only redistributing income from the prosperous to the poor, but from the middle-income residents of high-cost states to the middle-income residents of low-cost states.

Thanks to a steeply progressive federal income tax, states with a high average cost of living and commensurately higher incomes pay vastly higher federal taxes, payments that are unlikely ever to be matched by federal spending directed to those states. Ironically, most of these high-cost, high-paying states are the so-called blue states that have consistently supported a more steeply progressive tax system.

Figure 1  
Adjusted Federal Spending Per Dollar of Federal Taxes by State  
Fiscal Year 2003



Federal taxes of all kinds are tabulated, i.e., income, social insurance and excise taxes on individuals and businesses, and a total figure is calculated for how much each state sends to Washington, DC. This figure is compared to the flow of federal funds back to each state, bringing the two sides of federal fiscal operations together.

In FY 2003, New Mexico, Alaska, Mississippi, West Virginia and North Dakota received substan-

tially more from the federal government than they paid in taxes, while New Jersey, New Hampshire, Connecticut, Minnesota and Nevada paid much more in taxes than they received in spending.

Tax burdens for the current fiscal year (2004) are presented at the end of the report, but data from FY 2003 are used in the comparison of taxes to spending because the most recent spending data from the Census Bureau is for 2003.

*Table 1  
Adjusted Federal Expenditures Per Dollar of Taxes by State  
Fiscal Years 1993 and 2003*

	Expenditures Per Dollar of Taxes		10-Year Change in Spending Per Dollar of Tax	Ranking		10-Year Change in State Rank
	FY 1993	FY 2003		FY 1993	FY 2003	
Total	\$ 1.00	\$ 1.00	-	-	-	-
Alabama	\$ 1.35	\$ 1.69	+ 34¢	10	6	- 4
Alaska	1.38	1.89	+ 51¢	8	2	- 6
Arizona	1.20	1.23	+ 4¢	19	21	+ 2
Arkansas	1.29	1.47	+ 19¢	14	13	- 1
California	0.95	0.78	- 17¢	33	43	+ 10
Colorado	\$ 1.02	\$ 0.80	- 22¢	28	41	+ 13
Connecticut	0.66	0.65	- 1¢	49	48	- 1
Delaware	0.77	0.82	+ 6¢	45	40	- 5
Florida	1.09	1.00	- 9¢	23	32	+ 9
Georgia	0.98	0.95	- 3¢	32	36	+ 4
Hawaii	\$ 1.22	\$ 1.58	+ 36¢	17	9	- 8
Idaho	1.17	1.32	+ 15¢	20	18	- 2
Illinois	0.73	0.73	0¢	46	45	- 1
Indiana	0.87	0.96	+ 9¢	40	35	- 5
Iowa	1.08	1.06	- 2¢	26	29	+ 3
Kansas	\$ 1.06	\$ 1.13	+ 7¢	27	25	- 2
Kentucky	1.22	1.52	+ 30¢	18	10	- 8
Louisiana	1.36	1.47	+ 11¢	9	14	+ 5
Maine	1.42	1.36	- 6¢	6	16	+ 10
Maryland	1.24	1.34	+ 10¢	15	17	+ 2
Massachusetts	\$ 0.99	\$ 0.78	- 20¢	31	44	+ 13
Michigan	0.80	0.86	+ 6¢	43	38	- 5
Minnesota	0.78	0.70	- 9¢	44	47	+ 3
Mississippi	1.63	1.83	+ 19¢	2	3	+ 1
Missouri	1.33	1.31	- 2¢	11	19	+ 8
Montana	\$ 1.43	\$ 1.60	+ 17¢	5	7	+ 2
Nebraska	1.12	1.06	- 7¢	22	30	+ 8
Nevada	0.70	0.70	0¢	47	46	- 1
New Hampshire	0.65	0.64	- 1¢	50	49	- 1
New Jersey	0.67	0.57	- 10¢	48	50	+ 2
New Mexico	\$ 2.04	\$ 1.99	- 5¢	1	1	0
New York	0.84	0.80	- 4¢	41	42	+ 1
North Carolina	0.92	1.09	+ 16¢	37	26	- 11
North Dakota	1.53	1.75	+ 22¢	3	5	+ 2
Ohio	0.94	1.02	+ 8¢	34	31	- 3
Oklahoma	\$ 1.29	\$ 1.48	+ 19¢	13	12	- 1
Oregon	0.92	1.00	+ 8¢	36	33	- 3
Pennsylvania	1.00	1.08	+ 8¢	29	27	- 2
Rhode Island	1.08	1.06	- 2¢	25	28	+ 3
South Carolina	1.24	1.36	+ 12¢	16	15	- 1
South Dakota	\$ 1.30	\$ 1.49	+ 18¢	12	11	- 1
Tennessee	1.09	1.29	+ 20¢	24	20	- 4
Texas	0.94	0.98	+ 5¢	35	34	- 1
Utah	1.12	1.19	+ 7¢	21	22	+ 1
Vermont	0.92	1.14	+ 22¢	38	23	- 15
Virginia	\$ 1.42	\$ 1.58	+ 17¢	7	8	+ 1
Washington	0.89	0.90	+ 1¢	+ 39	37	- 2
West Virginia	1.52	1.82	+ 30¢	+ 4	4	0
Wisconsin	0.82	0.84	+ 2¢	+ 42	+ 39	- 3
Wyoming	0.99	1.13	+ 14¢	+ 30	+ 24	- 6
District of Columbia	\$ 5.39	\$ 6.59	+ 119¢	-	-	-

Source: Census Bureau; Tax Foundation's State-by-State Tax Burden Allocation Model.

*Table 2  
Federal Tax Burdens and Expenditures Per Capita  
As a Percentage of the U.S. Average  
Fiscal Years 1993 and 2003*

	Federal Tax Burdens		Federal Expenditures	
	FY 1993	FY 2003	FY 1993	FY 2003
Total	\$4,381	\$6,025	\$4,381	\$6,025
	100%	100%	100%	100%
Alabama	79%	74%	105%	125%
Alaska	118	100	144	191
Arizona	83	82	93	104
Arkansas	74	69	89	110
California	105	110	95	94
Colorado	104%	110%	104%	92%
Connecticut	149	167	95	113
Delaware	110	106	79	95
Florida	102	99	104	104
Georgia	92	90	86	96
Hawaii	108%	87%	119%	138%
Idaho	81	72	94	102
Illinois	112	110	77	89
Indiana	92	86	72	89
Iowa	86	83	87	105
Kansas	94%	88%	95%	105%
Kentucky	77	76	88	115
Louisiana	74	72	92	109
Maine	82	85	115	116
Maryland	116	117	139	160
Massachusetts	121%	140%	115%	116%
Michigan	99	95	77	89
Minnesota	104	108	77	86
Mississippi	65	63	111	121
Missouri	91	88	108	121
Montana	80%	75%	110%	127%
Nebraska	90	89	92	110
Nevada	119	102	82	79
New Hampshire	111	119	77	85
New Jersey	134	141	85	91
New Mexico	75%	77%	145%	154%
New York	119	125	97	106
North Carolina	88	83	78	94
North Dakota	82	80	119	167
Ohio	93	87	83	93
Oklahoma	77%	74%	96%	113%
Oregon	94	88	83	92
Pennsylvania	101	99	97	112
Rhode Island	101	102	106	113
South Carolina	77	75	94	103
South Dakota	85%	84%	103%	137%
Tennessee	89	84	93	109
Texas	92	92	81	89
Utah	75	71	83	85
Vermont	92	93	81	108
Virginia	105%	107%	137%	166%
Washington	110	112	95	106
West Virginia	71	66	98	121
Wisconsin	95	94	73	85
Wyoming	101	111	97	120
District of Columbia	145%	151%	764%	969%

Source: Census Bureau; Tax Foundation's State-by-State Tax Burden Allocation Model.

**Table 3**  
*Federal Tax Burden, Total and Per Capita, Noting Major Tax Laws with First-Year Revenue Effect*  
*Fiscal Years 1934 – 2004*  
*(Current Dollars and Constant 2004 Dollars)*

Year	Total Federal Tax Burden (Current \$)	Federal Tax Burden Per Capita (Current \$)	Total Federal Tax Burden (Constant 2004 \$)	Federal Tax Burden Per Capita (Constant 2004 \$)
1934	\$ 2,955	\$ 23	\$ 34,338	\$ 273
1935	3,609	28	41,132	324
1936	3,923	31	44,201	346
1937*	5,387	42	58,547	456
1938*	6,751	52	74,777	578
1939	6,295	48	70,604	542
1940	\$ 6,535	\$ 50	\$ 72,674	\$ 553
	<i>The Revenue Act of 1940 (+1.3% of NNP)</i>			
	<i>The Second Revenue Act of 1940 (+1.0% of NNP)</i>			
1941	8,698	66	90,834	684
	<i>The Revenue Act of 1941 (+3.1% of NNP)</i>			
1942	14,622	109	141,166	1,052
	<i>The Revenue Act of 1942 (+6.7% of NNP)</i>			
1943	23,951	176	218,975	1,612
	<i>The Current Tax Payment Act of 1943 (+1.4% of NNP)</i>			
	<i>The Revenue Act of 1943 (+0.5% of NNP)</i>			
1944	43,699	318	390,327	2,837
	<i>The Individual Income Tax Act of 1944 (-0.3% of NNP)</i>			
1945*	\$ 45,054	\$ 324	\$ 392,336	\$ 2,819
	<i>The Revenue Act of 1945 (-2.9% of NNP)</i>			
1946	39,186	279	305,580	2,172
1947	38,431	269	269,622	1,889
1948*	41,393	285	274,723	1,890
	<i>The Revenue Act of 1948 (-2.1% of NNP)</i>			
1949*	39,174	265	260,123	1,759
1950	\$ 39,197	\$ 260	\$ 258,240	\$ 1,713
	<i>The Revenue Act of 1950 (+1.7% of NNP)</i>			
	<i>The Excess Profits Tax of 1950 (+1.2% of NNP)</i>			
1951	51,356	334	316,597	2,062
	<i>The Revenue Act of 1951 (+1.8% of NNP)</i>			
1952	65,808	421	397,062	2,542
1953*	69,228	436	412,408	2,596
1954*	69,272	429	408,327	2,527
	<i>(The Excise Tax Reduction Act of 1954 (-0.3% of NNP)</i>			
	<i>The Internal Revenue Code of 1954 (-0.1% of NNP)</i>			
1955	\$ 65,110	\$ 396	\$ 378,152	\$ 2,299
1956	74,160	443	416,231	2,486
1957*	79,418	466	430,638	2,527
1958*	78,850	455	417,699	2,408
1959	78,586	446	411,446	2,333
1960*	\$ 91,279	\$ 509	\$ 471,316	\$ 2,629
1961*	93,469	513	477,249	2,620
1962	98,832	534	497,825	2,689
	<i>The Revenue Act of 1962 (0.0% of NNP)</i>			
1963	105,537	562	526,015	2,800
1964	111,530	585	547,522	2,873
	<i>The Revenue Act of 1964 (-1.9% of NNP)</i>			
1965	\$ 115,223	\$ 597	\$ 555,512	\$ 2,877
1966	128,960	660	604,521	3,093
	<i>The Tax Adjustment Act of 1966 (+0.7% of NNP)</i>			
1967	146,714	742	667,111	3,375
1968	150,482	754	656,260	3,286
	<i>The Revenue and Expenditure Control Act of 1968 (+1.9% of NNP)</i>			
1969*	183,974	912	764,372	3,790
	<i>The Tax Reform Act of 1969 (+0.4% of NNP)</i>			
1970*	\$ 189,382	\$ 934	\$ 747,267	\$ 3,687
1971	187,462	912	704,441	3,429
	<i>The Revenue Act of 1971 (-0.4% of NNP)</i>			
1972	195,170	938	702,899	3,378
1973*	218,369	1,038	744,898	3,542

*Continued*

## Federal Spending Per Dollar of Tax Collected

By comparing each state's share of federal spending to its share of federal taxes, we can see what each state might call "the bang for their buck." The data presented in Figure 1 and Table 1 show which states are the biggest beneficiaries of federal fiscal operations and which are the donor states.

New Mexico is the biggest beneficiary, with a federal spending-to-tax ratio of 1.99. That's another way of saying that for every tax dollar the federal government takes from the people of New Mexico, \$1.99 in federal spending goes back into the state. This high ratio is the result of the state's relatively low FY 2003 per capita federal tax burden, 77 percent of the national average, and its large share of federal spending, 154 percent of the average per capita. A few states have lower taxes than New Mexico, and a few receive more federal funds, but when both flows are included in the calculation, New Mexico ranks highest. Other states with high federal spending-to-tax ratios are Alaska (1.89) and Mississippi (1.83).

The donor states are those where so much is collected in federal taxes that the federal dollars they receive are overwhelmed. With a high FY 2003 federal tax burden per capita (141 percent of the national average) and a below-average amount of incoming federal funds (91 percent of the national average), New Jersey has the lowest federal spending-to-tax ratio (0.57) and is therefore the nation's biggest net donor to federal fiscal operations. The 0.57 ratio means that New Jersey receives 57 cents in federal spending for every dollar its taxpayers send to Washington. Other states that had low federal spending-to-tax ratios in FY 2003 are New Hampshire (0.64) and Connecticut (0.65).

Table 1 also shows which states' ratios rose or fell between FY 1993 and FY 2003. The state that improved its ratio the most over that ten-year period is Alaska where the ratio rose from 1.38 to 1.89. Other states that got a much better deal from Uncle Sam in 2003 than they did a decade earlier are North Dakota and Hawaii. States that have not fared so well include Colorado, Massachusetts and California. Colorado has seen the largest change with its federal spending-to-tax ratio falling from 1.02 in FY 1993 to 0.80 in FY 2003.

## Comparing Each State's Share of Federal Taxes and Spending to the National Average

The two components of these spending-to-tax ratios can be examined separately. Table 2 presents data on per capita federal taxation and expenditures in each state compared to the national average, with snapshots of FY 1993 and FY 2003.

*Table 3 (continued)  
Federal Tax Burden, Total and Per Capita, Noting Major Tax Laws with First-Year Revenue Effect  
Fiscal Years 1934 – 2004  
(Current Dollars and Constant 2004 Dollars)*

Year	Total Federal Tax Burden (Current \$)	Federal Tax Burden Per Capita (Current \$)	Total Federal Tax Burden (Constant 2004 \$)	Federal Tax Burden Per Capita (Constant 2004 \$)
1974*	\$ 242,151	\$ 1,140	\$ 757,816	\$ 3,569
	<i>The Employee Retirement Income Security Act of 1974</i>			
1975*	\$ 268,946	\$ 1,254	\$ 768,902	\$ 3,586
	<i>The Tax Reduction Act of 1975 (-0.7% of NNP)</i>			
1976	280,817	1,297	759,006	3,506
	<i>The Tax Reform Act of 1976 (-0.9% of NNP)</i>			
1977	349,028	6,417	886,977	16,308
	<i>The Tax Reduction and Simplification Act of 1977 (-1.0% of NNP)</i>			
1978	392,142	1,789	931,125	4,248
	<i>The Revenue Act of 1978 (-0.6% of NNP)</i>			
1979	454,052	2,050	995,647	4,495
1980*	\$ 504,364	\$ 2,252	\$ 1,013,729	\$ 4,527
	<i>The Crude Oil Windfall Profit Tax Act of 1980 (+0.5% of NNP)</i>			
1981*	585,483	2,586	1,075,947	4,752
	<i>The Economic Recovery Tax Act of 1981 (-1.4% of NNP)</i>			
1982*	601,605	2,629	1,041,959	4,553
	<i>The Tax Equity and Fiscal Responsibility Act of 1982 (+0.6% of NNP)</i>			
	<i>The Highway Revenue Act of 1982 (+0.1% of NNP)</i>			
1983	584,962	2,531	974,668	4,217
	<i>The Social Security Amendments of 1983 (+0.2% of NNP)</i>			
	<i>The Interest and Dividend Tax Compliance Act of 1983 (-0.1% of NNP)</i>			
1984	649,518	2,785	1,043,045	4,472
	<i>The Deficit Reduction Act of 1984 (+0.3% of NNP)</i>			
1985	\$ 715,615	\$ 3,041	\$ 1,115,236	\$ 4,739
	<i>The Consolidated Omnibus Budget Reconciliation Act of 1985 (0.0% of NNP)</i>			
1986	749,305	3,156	1,142,425	4,812
	<i>The Tax Reform Act of 1986 (+0.5% of NNP)</i>			
1987	834,943	3,485	1,239,343	5,173
	<i>The Omnibus Budget Reconciliation Act of 1987 (+0.2% of NNP)</i>			
1988	889,162	3,678	1,276,204	5,279
1989	967,978	3,968	1,338,703	5,488
	<i>The Omnibus Budget Reconciliation Act of 1989 (+0.1% of NNP)</i>			
1990*	\$ 1,004,094	\$ 4,078	\$ 1,336,840	\$ 5,429
	<i>The Omnibus Budget Reconciliation Act of 1990 (+0.5% of NNP)</i>			
1991*	1,031,531	4,144	1,327,139	5,332
1992	1,064,115	4,220	1,338,241	5,308
1993	1,135,065	4,440	1,395,364	5,459
	<i>The Omnibus Budget Reconciliation Act of 1993 (+0.4% of NNP)</i>			
1994	1,235,629	4,770	1,487,436	5,741
1995	\$ 1,323,407	\$ 5,045	\$ 1,561,107	\$ 5,951
1996	1,427,638	5,377	1,652,768	6,225
	<i>The Small Business Job Protection Act of 1996 (+0.0% of NNP)</i>			
1997	1,553,934	5,785	1,769,643	6,588
	<i>The Tax Relief Act of 1997 (-0.1% of NNP)</i>			
1998	1,689,252	6,214	1,902,608	6,999
1999	1,792,645	6,517	1,990,322	7,236
2000	\$ 1,982,491	\$ 7,125	\$ 2,154,175	\$ 7,742
2001*	1,953,476	6,942	2,072,857	7,366
	<i>The Economic Growth and Tax Reform Reconciliation Act of 2001 (-0.8% of NNP)</i>			
2002	1,819,339	6,398	1,899,088	6,678
	<i>The Job Creation and Worker Assistance Act of 2002 (-0.6% of NNP)</i>			
	<i>The Jobs and Growth Tax Relief and Reconciliation Act of 2003 (-0.6% of NNP)</i>			
2003	1,747,995	6,085	1,791,809	6,238
2004	1,844,997	6,360	1,844,997	6,360

\* Year with at least one quarter in which GDP shrank.

Note: Prior to fiscal year 1977 the Federal fiscal years began on July 1 and ended on June 30. After fiscal year 1977, the Federal fiscal year begins on October 1 and ends on the subsequent September 30.

Sources: Office of Management and Budget; Internal Revenue Service; Congressional Research Service; National Bureau of Economic Research; Tax Foundation.

States that saw their per capita federal tax burdens rise relative to the national average during this period include Massachusetts, Connecticut and New Hampshire. Residents of Massachusetts went from paying 121 percent of the national average in federal taxes to 140 percent. Similarly, the residents of Connecticut were paying 149 percent of the national average in federal taxes in FY 1993, but ten years later they were paying 167 percent.

On the other hand, Hawaii, Alaska, and Nevada saw their per-capita federal tax burdens drop compared to the national average. In FY 1993, Hawaii's federal tax bill was 108 percent of the national average. Ten years later it had dropped to 87 percent. In Alaska, a tax burden that was 118 percent of the national average dropped to 100 percent; and Nevada's per-capita federal tax burden dropped from 119 percent of the national average in FY 1993 to 102 percent in FY 2003.

On the spending side of the ledger, states that increased their shares of federal spending the most during this period were North Dakota, Alaska and South Dakota. In FY 1993, per capita federal expenditures in North Dakota were 119 percent of the national average, but by FY 2003 they had risen to 167 percent. Alaska's share was 144 percent of the national average in FY 1993, but it reached 191 percent in FY 2003. South Dakota's federal expenditures rose from 103 to 137 percent of the national average.

States where federal expenditures per capita have dropped compared to the national average include Colorado, Nevada and California. In 1993, Colorado was a popular destination for federal spending: 104 percent of the national average, but by FY 2003 its share had dropped to 92 percent. Nevada residents were at 82 percent in FY 1993, and ten years later they were receiving just 79 percent. California's share of federal largesse fell by 15 percentage points over the decade, from 101 percent to 86 percent of the national average.

## The Course of the Federal Tax Burden

During FY 2003, the federal government collected \$1.747 trillion in tax revenue, or \$6,025 for every man, woman and child in the country. As Figure 2 illustrates, this was down slightly from the all-time high in 2000. Between 1992 and 2000, the federal tax burden had roared upward from \$4,220 to \$7,125 per capita. Even after adjusting for inflation by restating these figures in constant 2004 dollars, the rise of the federal tax burden during this period was precipitous: from \$5,308 in 1992 to \$7,742 in 2000. The federal tax burden has declined since 2000, however, due to a brief recession, a subsequent period of slow growth and tax reductions.

Table 3 chronicles the federal tax burden from the mid-1930s to the present, measured in both current and constant 2004 dollars. Fluctuations depend largely on two factors: recessions and federal tax policy. An asterisk next to a year in Table 3 indicates that the economy shrank during at least one quarter of the year. That does not amount to an official recession, but it correlates with dips in the federal tax burden. Major legislation is also noted, such as the recent tax cuts: the Economic Growth and Tax Relief Reconciliation Act of 2001, the Job Creation and Workers Assistance Act of 2002 and the Jobs and Growth Tax Relief Reconciliation Act of 2003.

### The Federal Tax Burden by State

Delving into these nationwide numbers, we see that states shoulder dramatically different tax burdens. We have already measured them as a percentage of the national average, but the actual dollar amounts, both in total and per capita, are also illuminating.

Predictably, the states that paid the most in federal taxes in FY 2003 are California (\$249.2 billion), New York (\$152.6 billion) and Texas (\$129.3 billion) while the states that paid the least are North Dakota (\$3.2 billion), Wyoming (\$3.6 billion) and Vermont (\$3.7 billion). Table 4 dis-

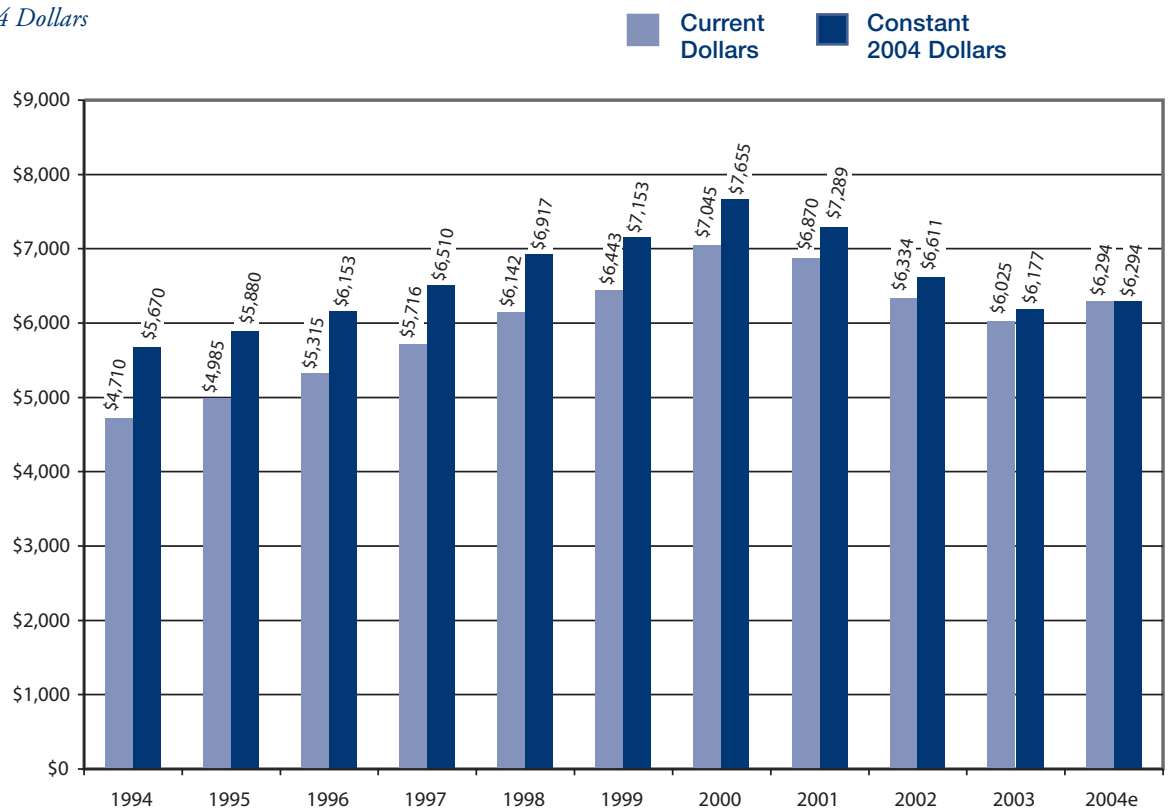
plays each state's total tax burden as well as a breakdown by type of tax.

Measured per capita, it was the residents of Connecticut who bore the highest average federal tax burden in the nation during FY 2003. The federal government collected \$10,528 in federal taxes for every man, woman and child in the Constitution State. Other states with high per capita federal tax burdens were New Jersey (\$8,913) and Massachusetts (\$8,907).

At the other end of the spectrum are states whose residents, on average, bore a relatively light federal tax burden. In Mississippi, residents paid an average of \$3,984 in federal taxes, only 38 percent of what their counterparts in Connecticut paid. Other states with low federal tax burdens per capita were West Virginia (\$4,177) and Arkansas (\$4,343). Table 5 displays each state's tax burden per capita for each major type of tax.

This disparity in per-capita federal tax burdens is not just a matter of a few states that have unusual fiscal situations. The residents of California, for example, the state with the 10th highest per capita federal tax burden (\$6,634), paid an average of 45.6 percent more in federal taxes during FY 2003 than the residents of Kentucky, the state with the 10th lowest per capita federal tax burden (\$4,554). Similarly, the residents of Michigan, living in the

Figure 2  
Federal Tax Burden Per Capita  
Fiscal Years 1994 – 2004  
Current and Constant 2004 Dollars



state with 20th highest per capita federal tax burden (\$5,698), are paying 8.7 percent more than the residents of Hawaii which has the 20th lowest per capita federal tax burden (\$5,239).

This state-by-state variation in federal tax burdens per capita is primarily due to the difference in per capita income among the states. Since both of the federal government's largest revenue raisers, the individual income tax and the payroll tax, are levied as a percentage of income, states with high

income per capita will also have high federal tax collections per capita. This effect is exacerbated by the progressivity of the income tax system which causes tax burdens to rise more rapidly than income as the economy grows.

For example, the latest Commerce Department data show that personal income per capita in Connecticut during the 2003 fiscal year was 112 percent higher than in Mississippi, but federal tax burdens per capita were 163 percent higher. Income

*Table 4  
Federal Tax Burden by State, Type of Tax and Rank  
Fiscal Year 2003  
(\$ Millions)*

	Total Tax Burden	Individual Income Tax	Corporate Income Tax	Social Insurance Taxes	Excise Taxes	Estate and Gift	Customs Duties	Other	2003 Rank
Total	\$ 1,747,995	\$ 793,700	\$ 131,800	\$ 713,000	\$ 67,500	\$ 22,000	\$ 19,900	\$ 95	-
Alabama	\$ 20,107	\$ 7,829	\$ 1,603	\$ 9,080	\$ 1,128	\$ 209	\$ 257	\$ 1	24
Alaska	3,885	1,716	309	1,640	155	18	46	0	46
Arizona	27,419	11,890	2,145	11,508	1,250	296	327	2	23
Arkansas	11,350	4,255	904	5,211	719	114	145	1	33
California	234,595	110,787	17,362	92,871	7,588	3,432	2,542	12	1
Colorado	\$ 30,179	\$ 14,807	\$ 2,223	\$ 11,479	\$ 1,060	\$ 275	\$ 335	\$ 2	20
Connecticut	34,957	19,084	2,181	12,080	845	447	318	2	16
Delaware	5,215	2,300	443	2,132	190	92	58	0	44
Florida	100,705	47,888	7,925	37,499	3,804	2,462	1,122	5	4
Georgia	46,916	20,450	3,611	19,540	2,299	458	556	3	12
Hawaii	\$ 6,566	\$ 2,550	\$ 556	\$ 3,061	\$ 235	\$ 80	\$ 84	\$ 0	42
Idaho	5,942	2,294	494	2,685	330	62	77	0	43
Illinois	83,765	39,445	6,377	33,194	2,672	1,138	935	4	5
Indiana	32,095	13,275	2,522	14,069	1,513	320	393	2	18
Iowa	14,728	5,683	1,250	6,748	699	160	188	1	30
Kansas	\$ 14,414	\$ 6,035	\$ 1,180	\$ 6,232	\$ 636	\$ 153	\$ 176	\$ 1	31
Kentucky	18,719	7,315	1,526	8,393	1,046	201	237	1	27
Louisiana	19,561	7,887	1,702	8,427	1,069	214	261	1	25
Maine	6,635	2,661	521	2,951	311	111	81	0	40
Maryland	38,602	17,446	2,770	16,250	1,299	401	433	2	15
Massachusetts	\$ 54,394	\$ 27,961	\$ 3,712	\$ 20,056	\$ 1,507	\$ 610	\$ 546	\$ 3	10
Michigan	57,379	24,526	4,318	25,004	2,302	545	680	3	9
Minnesota	33,005	14,528	2,587	14,210	1,102	198	378	2	17
Mississippi	10,994	4,008	876	5,132	735	92	150	1	34
Missouri	30,171	12,556	2,422	12,851	1,482	488	370	2	21
Montana	\$ 4,126	\$ 1,568	\$ 346	\$ 1,859	\$ 253	\$ 48	\$ 52	\$ 0	45
Nebraska	9,310	3,764	795	4,075	454	105	115	1	36
Nevada	13,694	6,589	1,039	5,240	520	156	150	1	32
New Hampshire	9,220	4,451	631	3,589	339	110	99	0	37
New Jersey	73,427	35,800	4,889	28,941	2,173	871	749	4	7
New Mexico	\$ 8,713	\$ 3,873	\$ 661	\$ 3,527	\$ 484	\$ 65	\$ 102	\$ 0	38
New York	144,712	73,052	10,276	54,066	3,714	2,110	1,487	7	2
North Carolina	42,005	17,482	3,431	18,192	1,941	439	517	2	13
North Dakota	3,054	1,159	262	1,402	175	17	39	0	50
Ohio	60,148	25,400	4,884	25,630	2,571	917	744	4	8
Oklahoma	\$ 15,559	\$ 6,205	\$ 1,248	\$ 6,786	\$ 953	\$ 167	\$ 200	\$ 1	29
Oregon	18,722	7,682	1,583	8,298	785	150	223	1	26
Pennsylvania	73,822	31,542	5,567	32,091	2,811	934	873	4	6
Rhode Island	6,624	2,803	487	2,940	218	101	75	0	41
South Carolina	18,604	7,364	1,500	8,251	1,062	186	239	1	28
South Dakota	\$ 3,857	\$ 1,588	\$ 337	\$ 1,647	\$ 195	\$ 44	\$ 47	\$ 0	47
Tennessee	29,359	12,227	2,210	12,782	1,468	301	369	2	22
Texas	122,056	55,934	8,808	49,303	5,490	1,084	1,431	7	3
Utah	10,039	4,017	830	4,466	506	93	127	1	35
Vermont	3,481	1,465	272	1,486	157	58	41	0	48
Virginia	\$ 47,419	\$ 21,707	\$ 3,496	\$ 19,307	\$ 1,848	\$ 529	\$ 529	\$ 3	11
Washington	41,104	19,105	2,940	16,898	1,363	349	447	2	14
West Virginia	7,233	2,670	577	3,398	421	68	97	0	39
Wisconsin	30,898	13,102	2,422	13,420	1,271	314	366	2	19
Wyoming	3,355	1,574	269	1,183	224	71	34	0	49
District of Columbia	\$ 5,154	\$ 2,399	\$ 517	\$ 1,919	\$ 124	\$ 142	\$ 53	\$ 0	-

Source: Office of Management and Budget; Tax Foundation's State-by-State Tax Burden Allocation Model.

differentials are not the only factor. Greater consumption in some states of federally taxed goods such as alcohol, tobacco and gasoline also push up federal tax collections.

## Federal Expenditures by State

The federal government funnels substantial funds back to the citizenry in the form of federal purchases, salaries, direct payments and various

goods and services. The distribution of all these funds varies widely across the country, ranging from a high of \$12,297 per capita for residents of Alaska in FY 2003 to a low of \$5,235 per capita in Nevada.

Federal expenditures by state are shown in Table 6 for FY 2003, the latest year for which the expenditure data is available.<sup>1</sup> Total federal expenditures are broken

<sup>1</sup> Per-capita figures here vary slightly from those in the Census report due to the use of different state population estimates.

*Table 5  
Federal Tax Burden by State and Type of Tax, Per Capita and Rank  
Fiscal Year 2003*

	Total Tax Burden	Total Tax Burden as a Percentage of U.S. Average	Individual Income Tax	Corporate Income Tax	Social Insurance Taxes	Excise Taxes	Estate and Gift Taxes	Customs Duties	Other	2003 Rank
<b>Total</b>	<b>\$ 6,025</b>	<b>100%</b>	<b>\$ 2,736</b>	<b>\$ 454</b>	<b>\$ 2,458</b>	<b>\$ 233</b>	<b>\$ 76</b>	<b>\$ 69</b>	<b>\$ 0</b>	<b>-</b>
Alabama	\$ 4,473	74%	\$ 1,742	\$ 357	\$ 2,020	\$ 251	\$ 46	\$ 57	\$ 0	43
Alaska	6,004	100	2,653	477	2,535	240	27	72	0	17
Arizona	4,944	82	2,144	387	2,075	225	53	59	0	37
Arkansas	4,172	69	1,564	332	1,915	264	42	53	0	48
California	6,634	110	3,133	491	2,626	215	97	72	0	10
Colorado	\$ 6,650	110%	\$ 3,263	\$ 490	\$ 2,529	\$ 233	\$ 60	\$ 74	\$ 0	9
Connecticut	10,053	167	5,488	627	3,474	243	129	91	0	1
Delaware	6,402	106	2,824	544	2,617	233	113	71	0	14
Florida	5,946	99	2,827	468	2,214	225	145	66	0	19
Georgia	5,424	90	2,364	418	2,259	266	53	64	0	24
Hawaii	\$ 5,239	87%	\$ 2,034	\$ 444	\$ 2,442	\$ 187	\$ 64	\$ 67	\$ 0	30
Idaho	4,368	72	1,686	363	1,974	243	46	56	0	45
Illinois	6,629	110	3,121	505	2,627	211	90	74	0	11
Indiana	5,188	86	2,146	408	2,274	245	52	64	0	31
Iowa	5,006	83	1,932	425	2,294	238	54	64	0	36
Kansas	\$ 5,298	88%	\$ 2,218	\$ 434	\$ 2,291	\$ 234	\$ 56	\$ 65	\$ 0	26
Kentucky	4,554	76	1,780	371	2,042	254	49	58	0	40
Louisiana	4,355	72	1,756	379	1,876	238	48	58	0	46
Maine	5,092	85	2,042	400	2,264	238	85	62	0	32
Maryland	7,026	117	3,175	504	2,958	236	73	79	0	6
Massachusetts	\$ 8,459	140%	\$ 4,348	\$ 577	\$ 3,119	\$ 234	\$ 95	\$ 85	\$ 0	3
Michigan	5,698	95	2,435	429	2,483	229	54	67	0	20
Minnesota	6,535	108	2,876	512	2,813	218	39	75	0	12
Mississippi	3,820	63	1,393	304	1,784	255	32	52	0	50
Missouri	5,297	88	2,204	425	2,256	260	86	65	0	27
Montana	\$ 4,505	75%	\$ 1,712	\$ 378	\$ 2,029	\$ 277	\$ 52	\$ 56	\$ 0	41
Nebraska	5,362	89	2,168	458	2,347	262	60	67	0	25
Nevada	6,161	102	2,964	468	2,357	234	70	67	0	16
New Hampshire	7,178	119	3,465	491	2,795	264	85	77	0	5
New Jersey	8,516	141	4,152	567	3,356	252	101	87	0	2
New Mexico	\$ 4,662	77%	\$ 2,072	\$ 354	\$ 1,887	\$ 259	\$ 35	\$ 54	\$ 0	39
New York	7,546	125	3,810	536	2,819	194	110	78	0	4
North Carolina	5,011	83	2,086	409	2,170	232	52	62	0	35
North Dakota	4,818	80	1,829	413	2,212	276	27	61	0	38
Ohio	5,263	87	2,222	427	2,242	225	80	65	0	29
Oklahoma	\$ 4,438	74%	\$ 1,770	\$ 356	\$ 1,935	\$ 272	\$ 48	\$ 57	\$ 0	44
Oregon	5,274	88	2,164	446	2,338	221	42	63	0	28
Pennsylvania	5,974	99	2,553	451	2,597	227	76	71	0	18
Rhode Island	6,167	102	2,610	453	2,737	203	94	70	0	15
South Carolina	4,498	75	1,780	363	1,995	257	45	58	0	42
South Dakota	\$ 5,053	84%	\$ 2,081	\$ 441	\$ 2,157	\$ 255	\$ 57	\$ 62	\$ 0	33
Tennessee	5,037	84	2,098	379	2,193	252	52	63	0	34
Texas	5,542	92	2,540	400	2,239	249	49	65	0	23
Utah	4,284	71	1,714	354	1,906	216	39	54	0	47
Vermont	5,629	93	2,370	441	2,404	254	94	67	0	22
Virginia	\$ 6,441	107%	\$ 2,949	\$ 475	\$ 2,623	\$ 251	\$ 72	\$ 72	\$ 0	13
Washington	6,721	112	3,124	481	2,763	223	57	73	0	7
West Virginia	3,998	66	1,476	319	1,879	233	38	54	0	49
Wisconsin	5,655	94	2,398	443	2,456	233	57	67	0	21
Wyoming	6,702	111	3,143	538	2,363	448	141	68	0	8
Dist. of Columbia	\$ 9,126	151%	\$ 4,247	\$ 915	\$ 3,398	\$ 220	\$ 251	\$ 94	\$ 0	-

Source: Office of Management and Budget; Tax Foundation's State-by-State Tax Burden Allocation Model.

into six categories: retirement and disability, other direct payments, grants to state and local governments, procurement, salaries and wages, and other.<sup>2</sup> More of these federal funds flowed into California (\$219.7 billion), Texas (\$140.5 billion) and New York (\$137.9 billion) than into any other states. The lowest totals were found in Wyoming (\$4.2 billion), Vermont (\$4.4 billion) and Delaware (\$5.1 billion).

<sup>2</sup> For explanation of "other," see Methodology.

While states with the largest and smallest populations might be expected to have the highest and lowest totals, they do not necessarily retain their ranking when adjusted for population. Table 7 shows per capita federal expenditures by type for FY 2003, bringing Alaska (\$12,279), Virginia (\$11,200) and Maryland (\$10,492) to the top while relegating Nevada (\$5,235), Minnesota (\$5,461) and Wisconsin (\$5,534) to the bottom.

*Table 6  
Federal Expenditures by State, by Type of Expenditure and Rank  
Fiscal Year 2003  
(\$ Millions)*

	Total Expenditures	Retirement and Disability	Other Direct Payments	Grants to State and Local Gov'ts	Procurement	Salaries and Wages	Other (a)	2003 Rank
<b>Total</b>	<b>\$ 1,747,995</b>	<b>\$ 630,331</b>	<b>\$ 443,437</b>	<b>\$ 435,052</b>	<b>\$ 294,016</b>	<b>\$ 207,293</b>	<b>-\$ 261,590</b>	<b>-</b>
Alabama	\$ 33,929	\$ 12,232	\$ 7,698	\$ 6,649	\$ 6,035	\$ 3,224	-\$ 2,942	18
Alaska	7,326	1,041	584	3,022	1,396	1,617	- 618	42
Arizona	33,818	12,022	6,653	7,235	7,291	3,335	- 3,983	19
Arkansas	16,688	7,038	4,558	4,541	1,095	1,339	- 1,652	32
California	183,984	61,236	49,480	51,329	34,753	20,611	- 35,722	1
Colorado	\$ 24,225	\$ 8,375	\$ 5,014	\$ 6,014	\$ 4,526	\$ 4,329	-\$ 4,649	25
Connecticut	22,845	7,549	5,669	5,376	6,216	1,516	- 5,750	28
Delaware	4,301	1,945	1,201	1,181	207	489	- 760	48
Florida	101,177	45,192	30,041	17,463	9,757	9,746	- 12,164	4
Georgia	44,506	16,666	11,426	10,561	7,364	8,015	- 7,404	12
Hawaii	\$ 10,370	\$ 3,014	\$ 1,502	\$ 1,911	\$ 1,621	\$ 2,864	-\$ 899	37
Idaho	7,822	2,865	1,566	1,858	1,357	834	- 832	41
Illinois	61,072	24,786	20,232	15,720	4,664	6,553	- 11,948	8
Indiana	30,868	13,394	9,718	7,313	2,802	2,338	- 4,657	20
Iowa	15,623	6,780	4,654	3,877	955	1,129	- 1,927	34
Kansas	\$ 16,251	\$ 6,196	\$ 4,469	\$ 3,415	\$ 1,653	\$ 2,108	-\$ 1,957	33
Kentucky	28,416	10,169	6,119	6,634	3,978	3,112	- 2,737	22
Louisiana	28,736	9,559	8,424	7,820	2,773	2,648	- 2,910	21
Maine	9,026	3,403	1,753	2,610	1,240	888	- 940	40
Maryland	51,811	13,306	9,161	8,632	13,488	10,331	- 5,835	9
Massachusetts	\$ 42,623	\$ 13,794	\$ 12,339	\$ 13,328	\$ 6,793	\$ 3,446	-\$ 8,642	13
Michigan	49,308	22,042	15,556	12,970	3,539	3,418	- 8,562	10
Minnesota	22,984	9,627	6,514	6,914	2,228	2,120	- 4,596	27
Mississippi	20,068	6,923	4,904	5,318	2,734	1,970	- 1,673	29
Missouri	39,627	13,509	9,887	8,655	7,313	3,832	- 4,247	15
Montana	\$ 6,595	\$ 2,315	\$ 1,497	\$ 1,938	\$ 350	\$ 845	-\$ 497	44
Nebraska	9,825	3,956	2,732	2,512	591	1,192	- 1,175	38
Nevada	9,637	4,708	2,280	1,955	1,250	1,222	- 2,000	39
New Hampshire	5,884	2,838	1,336	1,865	788	571	- 1,465	45
New Jersey	41,950	18,388	14,190	11,481	4,840	4,159	- 11,729	14
New Mexico	\$ 17,371	\$ 4,388	\$ 2,281	\$ 4,322	\$ 5,393	\$ 1,926	-\$ 1,365	31
New York	115,202	40,506	33,524	47,575	7,417	8,535	- 22,696	3
North Carolina	45,638	18,806	11,012	11,613	2,923	6,541	- 6,128	11
North Dakota	5,333	1,447	1,627	1,537	329	717	- 393	47
Ohio	61,340	25,348	16,957	15,687	5,243	5,362	- 8,562	7
Oklahoma	\$ 23,000	\$ 8,772	\$ 5,505	\$ 5,138	\$ 2,515	\$ 3,353	-\$ 2,254	26
Oregon	18,768	8,024	5,147	5,103	994	1,781	- 2,485	30
Pennsylvania	79,417	32,072	25,156	18,624	7,415	6,363	- 10,933	5
Rhode Island	7,027	2,535	1,791	2,234	495	817	- 1,009	43
South Carolina	25,328	10,106	5,486	5,969	3,105	2,863	- 2,710	24
South Dakota	\$ 5,738	\$ 1,809	\$ 1,641	\$ 1,698	\$ 378	\$ 673	-\$ 464	46
Tennessee	37,837	13,744	8,922	9,057	5,912	3,357	- 4,765	16
Texas	119,806	39,149	29,117	28,423	20,581	13,939	- 20,645	2
Utah	11,964	3,892	2,051	2,845	2,084	2,047	- 1,536	36
Vermont	3,968	1,358	828	1,331	431	360	- 475	49
Virginia	\$ 75,137	\$ 19,553	\$ 9,420	\$ 7,886	\$ 26,170	\$ 14,756	-\$ 7,317	6
Washington	37,021	13,587	8,513	8,881	5,586	5,758	- 6,347	17
West Virginia	13,170	5,663	3,048	3,562	602	1,289	- 1,056	35
Wisconsin	25,882	11,618	7,282	7,544	1,888	1,785	- 4,355	23
Wyoming	3,804	1,152	602	1,616	319	510	- 422	50
District of Columbia	\$ 33,951	\$ 1,934	\$ 2,370	\$ 4,310	\$ 10,875	\$ 14,760	-\$ 799	-

(a) See Methodology Section.

Source: Census Bureau; Tax Foundation

Some federal spending patterns are easily discernible. The large number of retirees collecting Social Security in Florida increases the flow of federal “retirement and disability” funds somewhat. An even bigger difference is created by the disproportionately large federal grants funneled to Alaska and the District of Columbia. On the other hand, direct payments to individuals tend to be more

evenly distributed across the country. In two categories, federal procurement and federal wages and salaries, Virginia and Maryland benefit greatly from their proximity to the capital. Alaska, Hawaii and New Mexico also receive disproportionately large sums in these categories, but the District of Columbia is in a league by itself, receiving \$20,141 per capita in procurement and \$26,132 per capita in wages and salaries.

*Table 7  
Federal Expenditures by State Per Capita, by Type of Expenditure and Rank  
Fiscal Year 2003*

	Total Expenditures	Total Expenditures as a Percentage of U.S. Average	Retirement and Disability	Other Direct Payments	Grants to State and Local Gov'ts	Procurement	Salaries and Wages	Other (a)	2003 Rank
<b>Total</b>	\$ 6,025	100%	\$ 2,173	\$ 1,529	\$ 1,500	\$ 1,013	\$ 715	-\$ 902	-
Alabama	\$ 7,548	125%	\$ 2,721	\$ 1,712	\$ 1,479	\$ 1,572	\$ 717	-\$ 654	8
Alaska	11,323	188	1,609	903	4,671	2,597	2,499	- 955	1
Arizona	6,098	101	2,168	1,200	1,305	1,543	601	- 718	26
Arkansas	6,134	102	2,587	1,675	1,669	318	492	- 607	24
California	5,203	86	1,732	1,399	1,451	1,048	583	- 1,010	40
Colorado	\$ 5,338	89%	\$ 1,845	\$ 1,105	\$ 1,325	\$ 1,133	\$ 954	-\$ 1,024	36
Connecticut	6,570	109	2,171	1,630	1,546	2,440	436	- 1,654	17
Delaware	5,280	88	2,388	1,474	1,450	301	600	- 933	39
Florida	5,974	99	2,668	1,774	1,031	643	575	- 718	29
Georgia	5,145	85	1,927	1,321	1,221	606	927	- 856	41
Hawaii	\$ 8,273	137%	\$ 2,405	\$ 1,198	\$ 1,525	\$ 1,578	\$ 2,285	-\$ 718	6
Idaho	5,750	95	2,106	1,151	1,366	1,125	613	- 611	31
Illinois	4,833	80	1,961	1,601	1,244	453	519	- 945	46
Indiana	4,990	83	2,165	1,571	1,182	534	378	- 753	43
Iowa	5,310	88	2,305	1,582	1,318	377	384	- 655	37
Kansas	\$ 5,973	99%	\$ 2,277	\$ 1,643	\$ 1,255	\$ 742	\$ 775	-\$ 719	30
Kentucky	6,912	115	2,474	1,489	1,614	1,245	757	- 666	15
Louisiana	6,398	106	2,128	1,876	1,741	711	590	- 648	23
Maine	6,927	115	2,612	1,345	2,003	1,007	681	- 721	14
Maryland	9,430	156	2,422	1,667	1,571	2,951	1,880	- 1,062	3
Massachusetts	\$ 6,628	110%	\$ 2,145	\$ 1,919	\$ 2,073	\$ 1,300	\$ 536	-\$ 1,344	16
Michigan	4,896	81	2,189	1,545	1,288	386	339	- 850	44
Minnesota	4,551	76	1,906	1,290	1,369	476	420	- 910	49
Mississippi	6,974	116	2,406	1,704	1,848	913	685	- 581	12
Missouri	6,957	115	2,372	1,736	1,520	1,403	673	- 746	13
Montana	\$ 7,201	120%	\$ 2,528	\$ 1,635	\$ 2,116	\$ 543	\$ 923	-\$ 543	11
Nebraska	5,658	94	2,278	1,573	1,447	350	686	- 677	32
Nevada	4,336	72	2,118	1,026	880	662	550	- 900	50
New Hampshire	4,581	76	2,210	1,040	1,452	575	445	- 1,141	48
New Jersey	4,865	81	2,133	1,646	1,331	633	482	- 1,360	45
New Mexico	\$ 9,294	154%	\$ 2,348	\$ 1,220	\$ 2,313	\$ 3,113	\$ 1,031	-\$ 730	4
New York	6,008	100	2,112	1,748	2,481	405	445	- 1,184	28
North Carolina	5,445	90	2,244	1,314	1,385	453	780	- 731	33
North Dakota	8,414	140	2,283	2,567	2,425	628	1,131	- 619	5
Ohio	5,367	89	2,218	1,484	1,373	573	469	- 749	35
Oklahoma	\$ 6,560	109%	\$ 2,502	\$ 1,570	\$ 1,465	\$ 710	\$ 956	-\$ 643	18
Oregon	5,287	88	2,260	1,450	1,438	337	502	- 700	38
Pennsylvania	6,427	107	2,596	2,036	1,507	659	515	- 885	21
Rhode Island	6,541	109	2,360	1,667	2,080	613	761	- 940	19
South Carolina	6,123	102	2,443	1,326	1,443	874	692	- 655	25
South Dakota	\$ 7,517	125%	\$ 2,370	\$ 2,150	\$ 2,224	\$ 499	\$ 882	-\$ 608	9
Tennessee	6,491	108	2,358	1,531	1,554	1,290	576	- 817	20
Texas	5,440	90	1,778	1,322	1,291	1,354	633	- 937	34
Utah	5,105	85	1,661	875	1,214	1,137	874	- 656	42
Vermont	6,417	106	2,196	1,339	2,152	915	582	- 768	22
Virginia	\$ 10,206	169%	\$ 2,656	\$ 1,280	\$ 1,071	\$ 4,189	\$ 2,004	-\$ 994	2
Washington	6,054	100	2,222	1,392	1,452	1,084	942	- 1,038	27
West Virginia	7,280	121	3,130	1,685	1,969	368	713	- 584	10
Wisconsin	4,737	79	2,126	1,333	1,381	367	327	- 797	47
Wyoming	7,598	126	2,301	1,202	3,228	691	1,019	- 843	7
Dist. of Columbia	\$ 60,109	998%	\$ 3,424	\$ 4,196	\$ 7,631	\$ 20,141	\$ 26,132	-\$ 1,415	-

(a) See Methodology Section.

Sources: Census Bureau; Tax Foundation.

### The Federal Tax Burden Rises for the First Time Since 2000

By the end of FY 2004 (September 30, 2004), the federal government had collected approximately \$1.844 trillion in tax revenue, or \$6,294 per capita nationwide. That makes 2004 the first year since

2000 that tax burdens at the federal level have risen, with taxes up \$269 per capita.

Figure 3 illustrates that virtually all of the FY 2004 tax revenue is coming from four sources. The individual income tax is the largest and is expected to raise \$816.3 billion, or 44.2 percent of the total. Social insurance taxes, which fund programs such as

Table 8  
Federal Tax Burden by State and Rank  
Selected Fiscal Years 1970 – 2004  
(\$Millions)

	1970		1980		1990		2000		2004	
	Tax Burden	Rank	Tax Burden	Rank	Tax Burden	Rank	Tax Burden	Rank	Tax Burden	Rank
Total	\$ 189,382	–	\$ 504,364	–	\$ 1,004,094	–	\$ 1,982,491	–	\$ 1,844,997	–
Alabama	\$ 2,148	25	\$ 6,426	24	\$ 12,448	23	\$ 22,575	24	\$ 21,069	24
Alaska	356	49	1,455	46	2,862	45	4,264	46	4,061	47
Arizona	1,587	31	5,509	29	12,421	24	30,081	23	29,198	23
Arkansas	1,186	34	3,468	33	6,540	32	12,564	33	11,919	33
California	21,504	1	60,558	1	135,735	1	277,189	1	249,238	1
Colorado	\$ 1,988	26	\$ 6,789	23	\$ 13,080	22	\$ 34,538	20	\$ 32,054	20
Connecticut	3,825	16	9,139	19	19,549	17	39,144	16	36,822	16
Delaware	643	42	1,459	45	3,045	44	5,871	44	5,526	44
Florida	6,384	9	21,833	7	54,469	4	113,303	4	106,734	4
Georgia	3,460	18	9,756	18	23,306	12	52,136	12	49,712	12
Hawaii	\$ 832	37	\$ 2,240	39	\$ 5,159	36	\$ 7,341	42	\$ 6,866	42
Idaho	526	45	1,660	43	3,073	43	6,886	43	6,289	43
Illinois	12,004	3	29,369	4	51,049	5	97,415	5	87,926	5
Indiana	4,544	11	11,538	11	19,802	16	36,590	18	33,617	18
Iowa	2,381	23	6,356	25	9,646	30	16,727	30	15,476	30
Kansas	\$ 1,910	28	\$ 5,398	30	\$ 9,269	31	\$ 16,673	31	\$ 15,146	31
Kentucky	2,241	24	6,168	27	11,145	26	20,703	28	19,705	27
Louisiana	2,457	22	8,368	21	12,222	25	21,533	26	20,520	25
Maine	725	39	1,878	42	4,150	42	7,384	40	7,011	40
Maryland	4,049	13	10,491	14	22,777	14	42,082	15	40,713	15
Massachusetts	\$ 5,879	10	\$ 13,284	10	\$ 28,835	10	\$ 63,883	10	\$ 57,567	10
Michigan	8,690	7	20,988	8	36,727	9	67,324	9	59,954	9
Minnesota	3,333	19	9,094	20	17,858	20	36,873	17	34,901	17
Mississippi	1,182	35	3,572	32	6,313	33	12,086	34	11,542	34
Missouri	4,070	12	10,010	17	18,403	18	34,130	21	31,702	21
Montana	\$ 549	44	\$ 1,567	44	\$ 2,426	46	\$ 4,517	45	\$ 4,341	45
Nebraska	1,256	32	3,269	35	5,600	35	10,552	37	9,828	36
Nevada	609	43	2,265	38	5,604	34	15,269	32	14,604	32
New Hampshire	687	41	2,022	41	4,969	38	10,643	36	9,771	37
New Jersey	8,209	8	19,969	9	42,797	7	82,313	7	77,462	7
New Mexico	\$ 722	40	\$ 2,291	37	\$ 4,367	40	\$ 7,806	39	\$ 9,192	38
New York	20,654	2	41,947	2	86,570	2	159,745	2	152,633	2
North Carolina	3,658	17	10,202	15	22,826	13	47,692	14	44,309	13
North Dakota	426	47	1,258	48	1,989	49	3,372	50	3,212	50
Ohio	10,018	5	23,677	6	39,885	8	69,056	8	62,942	8
Oklahoma	\$ 1,923	27	\$ 6,229	26	\$ 9,882	29	\$ 16,948	29	\$ 16,377	29
Oregon	1,883	29	5,836	28	10,636	28	21,954	25	19,722	26
Pennsylvania	11,060	4	25,996	5	48,027	6	83,497	6	77,474	6
Rhode Island	873	36	2,041	40	4,173	41	7,218	41	6,977	41
South Carolina	1,644	30	4,938	31	10,819	27	20,694	27	19,588	28
South Dakota	\$ 438	46	\$ 1,191	49	\$ 2,167	47	\$ 4,346	47	\$ 4,083	46
Tennessee	2,839	21	8,036	22	16,475	21	32,881	22	30,791	22
Texas	9,365	6	32,885	3	62,190	3	135,680	3	129,261	3
Utah	764	38	2,488	36	5,028	37	11,465	35	10,608	35
Vermont	368	48	921	50	2,096	48	3,838	48	3,673	48
Virginia	\$ 3,990	14	\$ 11,470	12	\$ 26,042	11	\$ 52,339	11	\$ 50,195	11
Washington	3,245	20	10,511	13	21,414	15	48,848	13	43,580	14
West Virginia	1,216	33	3,365	34	4,949	39	7,930	38	7,555	39
Wisconsin	3,907	15	10,040	16	18,127	19	34,949	19	32,507	19
Wyoming	314	50	1,316	47	1,787	50	3,863	49	3,565	49
District of Columbia	\$ 860	–	\$ 1,825	–	\$ 3,363	–	\$ 5,785	–	\$ 5,479	–

Sources: Office of Management and Budget; Tax Foundation's "State-by-State Tax Burden Allocation Model."

Social Security and Medicare, will raise another \$731.2 billion, or 39.6 percent of the total. Levies on corporate income will raise \$181.5 billion, which is 9.8 percent of the total. Excise taxes — product-specific federal taxes imposed on beer, wine, tobacco, gasoline and other products — will bring in \$69.7 billion, or 3.8 percent of total

federal taxes. Customs duties, estate and gift taxes, and miscellaneous taxes are bringing in the balance of federal tax revenue.

Tables 8 and 9 show estimated federal tax burdens for each state in 2004, in total and per capita. Historical data is provided for selected years since 1970 for comparison.

*Table 9  
Federal Tax Burden Per Capita by State  
Selected Fiscal Years 1970 – 2004*

	1970		1980		1990		2000		2004	
	Tax Burden	Rank	Tax Burden	Rank	Tax Burden	Rank	Tax Burden	Rank	Tax Burden	Rank
Total	\$ 934	–	\$ 2,228	–	\$ 4,034	–	\$ 7,045	–	\$ 6,294	–
Alabama	\$ 622	48	\$ 1,654	47	\$ 3,077	41	\$ 5,077	43	\$ 4,661	–
Alaska	1,184	3	3,560	1	5,187	3	6,801	20	6,223	43
Arizona	893	22	2,040	31	3,386	34	5,863	33	5,131	18
Arkansas	615	49	1,522	49	2,778	48	4,703	47	4,343	37
California	1,082	9	2,561	8	4,559	10	8,183	7	6,955	48
Colorado	\$ 904	20	\$ 2,343	12	\$ 3,964	19	\$ 8,029	8	\$ 6,935	9
Connecticut	1,269	1	2,940	2	5,942	1	11,495	1	10,528	10
Delaware	1,178	4	2,450	10	4,566	9	7,493	13	6,692	1
Florida	943	16	2,248	18	4,211	14	7,092	16	6,188	14
Georgia	754	34	1,786	37	3,593	29	6,370	23	5,640	19
Hawaii	\$ 1,091	7	\$ 2,326	13	\$ 4,653	8	\$ 6,058	31	\$ 5,439	24
Idaho	736	36	1,759	38	3,049	42	5,323	38	4,543	30
Illinois	1,083	8	2,573	6	4,461	12	7,844	10	6,915	46
Indiana	879	25	2,100	28	3,568	30	6,018	30	5,397	11
Iowa	845	30	2,182	24	3,472	32	5,717	36	5,243	31
Kansas	\$ 853	28	\$ 2,284	16	\$ 3,739	23	\$ 6,200	26	\$ 5,536	34
Kentucky	695	42	1,689	45	3,020	44	5,123	42	4,760	26
Louisiana	675	45	1,996	33	2,890	46	4,820	46	4,552	40
Maine	727	37	1,667	46	3,378	35	5,793	35	5,347	45
Maryland	1,037	11	2,487	9	4,763	6	7,944	9	7,336	32
Massachusetts	\$ 1,037	10	\$ 2,310	15	\$ 4,789	5	\$ 10,059	2	\$ 8,907	6
Michigan	984	12	2,270	17	3,950	20	6,772	19	5,925	3
Minnesota	881	24	2,233	19	4,080	17	7,497	12	6,846	20
Mississippi	530	50	1,418	50	2,449	50	4,250	50	3,984	12
Missouri	873	26	2,035	32	3,594	28	6,100	29	5,527	50
Montana	\$ 786	33	\$ 1,983	34	\$ 3,033	43	\$ 5,008	41	\$ 4,710	27
Nebraska	848	29	2,080	29	3,545	31	6,167	28	5,626	41
Nevada	1,243	2	2,845	3	4,670	7	7,645	11	6,339	25
New Hampshire	936	18	2,199	21	4,475	11	8,612	4	7,516	16
New Jersey	1,149	5	2,705	5	5,520	2	9,783	3	8,913	5
New Mexico	\$ 707	41	\$ 1,759	39	\$ 2,878	47	\$ 4,293	49	\$ 4,866	2
New York	1,137	6	2,386	11	4,806	4	8,422	5	7,927	39
North Carolina	721	39	1,737	41	3,438	33	5,928	32	5,207	4
North Dakota	685	44	1,920	35	3,109	39	5,254	39	5,078	36
Ohio	945	15	2,193	22	3,674	26	6,081	27	5,493	38
Oklahoma	\$ 752	35	\$ 2,062	30	\$ 3,138	37	\$ 4,913	45	\$ 4,638	28
Oregon	903	21	2,229	20	3,741	22	6,416	24	5,486	44
Pennsylvania	939	17	2,189	23	4,038	18	6,799	18	6,258	29
Rhode Island	929	19	2,145	25	4,154	16	6,886	17	6,451	17
South Carolina	634	47	1,581	48	3,100	40	5,159	40	4,681	15
South Dakota	\$ 654	46	\$ 1,730	42	\$ 3,109	38	\$ 5,761	37	\$ 5,324	42
Tennessee	723	38	1,752	40	3,373	36	5,782	34	5,226	33
Texas	839	31	2,314	14	3,659	27	6,507	21	5,766	35
Utah	720	40	1,709	44	2,915	45	5,134	44	4,450	23
Vermont	833	32	1,808	36	3,722	24	6,305	25	5,905	47
Virginia	\$ 858	27	\$ 2,140	26	\$ 4,205	15	\$ 7,394	15	\$ 6,735	22
Washington	963	13	2,564	7	4,403	13	8,288	6	7,036	13
West Virginia	694	43	1,729	43	2,756	49	4,385	48	4,177	8
Wisconsin	888	23	2,136	27	3,705	25	6,516	22	5,910	49
Wyoming	946	14	2,811	4	3,928	21	7,828	14	7,092	21
District of Columbia	\$ 1,133	–	\$ 2,829	–	\$ 5,513	–	\$ 10,129	–	\$ 9,748	7

Sources: Office of Management and Budget; Tax Foundation's "State-by-State Tax Burden Allocation Model."

**Methodology**

*Federal Tax Burdens*

The tax collection data released by the Department of the Treasury does not allocate the federal tax burden among the states. Instead, it simply shows where the taxes are collected. For example,

*New Jersey has the lowest federal spending-to-tax ratio, just 57¢, and was therefore the nation's biggest loser from federal fiscal operations. ... the biggest winner is New Mexico, where every tax dollar the federal government took during 2003 was replaced by \$1.99 in federal spending.*

data on federal excise taxes on alcohol and tobacco show high tax collections in the states where the alcohol is distilled and the tobacco grown. Clearly, the taxpayers in these relatively few producing states do not bear the entire burden of the taxes on the products they manufacture. In order to show more precisely who ultimately bears the burden of federal levies, the Tax Foundation has developed a tax incidence model which apportions the federal tax burden among the states.

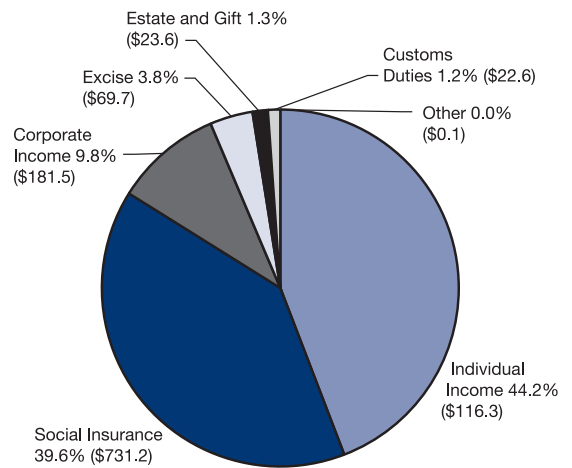
*Federal Expenditures*

Each year the Census Bureau releases the Consolidated Federal Funds Report, which estimates the amount of federal spending in each state and territory during the prior fiscal year. The latest report allocates approximately 87 percent of total FY 2003 federal spending. The 13 percent not allocated includes net interest outlays, foreign aid, and other outlays that are not allocable to the states.

For the purposes of this report, the Tax Foundation uses this census data as is.

In the calculation of spending-to-tax ratios, however, an adjustment must be made to bring

*Figure 3  
Federal Tax Burden by Type of Tax  
Fiscal Year 2004  
\$Billions*



Source: Office of Management and Budget; Tax Foundation.

federal tax collections and federal spending into alignment. Therefore, an "other" category is created as shown in Tables 5 and 6.

"Other" includes net interest paid on the debt, which is allocated entirely to domestic capital holders, assuming a closed economy. "Other" also includes an adjustment for the federal deficit or surplus. A deficit is treated as an unfunded tax liability in the current year, allocated in the same fashion as the federal tax burden. Similarly, the model assumes that a surplus is used to pay down the federal debt to domestic capital holders.



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